

SBA News and Views is a monthly publication of the SBA Wisconsin District Office. Its purpose is to provide Wisconsin lenders and small business leaders with up-to-date information on SBA programs and small business issues. It is distributed at no cost, and the reprinting of articles is encouraged

Serving America's Small Businesses

**U.S. Small Business
 Administration
 Wisconsin District Office**

**Eric Ness, District Director
 October 2004**

In this issue:

Banner Year for Wisconsin SBA.....	page 1
7(a) & 504 Loan Changes.....	pages 2 & 3
2004 Record Year.....	pages 3 & 4
SBA Commitment To Women.....	page 4
SBA & HP Matchmaking Program.....	pages 4 & 5
Executive Order Federal Contracting.....	page 5
Tips for Business.....	pages 5 & 6
Editor Note.....	page 6
September Lenders.....	page 6 & 7
September Microlenders.....	page 7
Editor Note.....	page 7
Link to Schedule of Events.....	page 7

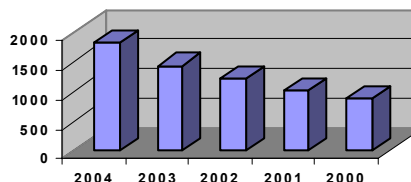
SBA Home Page
<http://www.sba.gov>
 Wisconsin SBA Home Page
<http://www.sba.gov/wi>

Editor:
janice.wipijewski@sba.gov

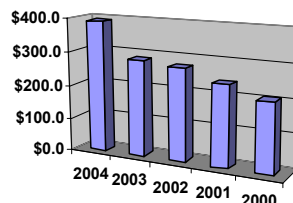
Wisconsin SBA Increases Lending By Over \$100 Million in FY 2004

In Fiscal Year 2004 that ended September 30, 2004, the Small Business Administration in Wisconsin closed out the year with record-breaking numbers. In Wisconsin, SBA approved 1,635 7(a) loans totaling \$308 million to small businesses, and 173 loans worth \$82 million under the 504, or Certified Development Company program.

TOTAL NUMBER OF 7(a) & 504 LOANS



TOTAL DOLLARS IN MILLIONS OF 7(a) & 504 LOANS



Women and minorities increased their numbers as well. Loans to minorities and women increased by 46 percent. Loans to veterans increased by 17 percent.

Wisconsin's SCORE (Service Corps of Retired Executives) "Counselors to America's Small Businesses," counseled/trained 7,637 clients. Wisconsin's Small Business Development Centers (SBDC's) assisted 11,949 clients and Wisconsin's Women Business Centers assisted 3,659 clients.

Wisconsin SBA District Director Eric Ness said, "Small businesses create approximately 75 percent of the new jobs so it is important that small businesses get the needed capital. SBA is proud to play a part in providing over \$300 million to Wisconsin small businesses."

7(a) and 504 Program Changes

Effective October 1, 2004, the following changes to the 7(a) and 504 Loan Programs are explained below. These changes are in part the result of Continuing Resolution H.J. Res. 107 ("CR"), which will be in effect until November 20, 2004, and the expiration of certain temporary statutory provisions.

7(a) Program Guaranty Fee

(Under 13 CFR 120.220(a))

A total loan amount of \$150,000 or less was 1 percent (of SBA guaranteed portion) through September 30, 2004. Beginning October 1, 2004, the guaranty fee is 2 percent (of SBA guaranteed portion) Lender is **again permitted** to retain 25 percent of the fee.

A total loan amount of \$150,001 to \$700,000 was 2.5 percent through September 30, 2004. Beginning October 1, 2004, the guaranty fee is 3 percent.

A total of \$700,001 + was 3.5 percent through September 30, 2004. Beginning October 1, 2004, the guaranty fee is 3.5 percent (**no change**).

SBA-Guaranteed Portion of Loan Amount

Loan amount of \$1,000,001 to \$1,500,000, fee through September 30, 2004 was 0.25 percent of the amount over \$1,000,000. Beginning October 1, 2004, there is no such fee (the fee, and the \$1.5 million limit on loan guarantee amount, both expired September 30, 2004).

Lender Annual Service Fee (Under 13 CFR 120.220(f))

Fee through September 30, 2004 was 0.36 percent of the outstanding balance of the SBA guaranteed portion. Beginning October 1, 2004, the fee is 0.50 percent of the outstanding balance of the SBA guaranteed portion.

Commercial Loan Fee (Combination Financing created by Public Law 108-217 as of April 5, 2004)

Through September 30, 2004, fee was 0.7 percent of the amount of the commercial loan in a senior lien position. Beginning October 1, 2004, there is no such fee (Combination Financing expired on September 30, 2004).

The fees beginning October 1, 2004 are effective for loans **approved** on or after October 1, 2004. The fees through September 30, 2004 will be applied to all loans approved by SBA (which must include the issuance of a SBA loan number and obligation of SBA funds) through and including September 30, 2004.

Other Changes

7(a) Loan Guaranty Limit

The loan guaranty limit under section 7(a)(3)(A) of the Act was temporarily increased from \$1.0 million to \$1.5 million (as a result of PL 108-217). This provision expired on September 30, 2004. As a result, beginning on October 1, 2004, the maximum guaranty permitted under this section is again \$1.0 million.

Combination Financing/Piggyback Financing

PL 108-217 also established a temporary new financing vehicle

entitled "Combination Financing." The financing was comprised of a loan guaranteed under the 7(a) Loan Program and a commercial loan. PL 108-217 provided that if the commercial loan was in a senior lien position, the lender participant of the SBA guaranteed loan was required to pay SBA an additional fee of 0.7 percent of the commercial loan amount. The combination financing provisions expired on September 30, 2004, and as a result, beginning October 1, 2004, "Combination Financing" is not allowed. Any provisions concerning Combination Financing that was imposed by SBA Policy Notice No. 0000-1727 are no longer effective. In addition, SBA's practice of allowing "piggyback financing," as defined in SOP 50 10 (4), will be suspended effective October 1, 2004, until further notice.

SBAExpress

The maximum loan amount for SBAExpress loans was temporarily increased from \$250,000 to \$2 million (as a result of PL 108-217). This provision expired on September 30, 2004. Accordingly, the maximum loan amount for SBAExpress loans **approved** on or after October 1, 2004 is again \$250,000, as set forth in the SBAExpress program guide dated October 1, 2002.

New 7(a) Wizard

SBA has altered the current 7(a) Authorization Wizard Version 2004 with a revised "7a Wizard 2004.1." 7a Wizard 2004.1 became available October 4, 2004, to Lenders and SBA personnel at SBA's banking website. Normally, there is a 30-day grace period for Lenders to incorporate the newest

version of the wizard. However, beginning October 4, 2004, Lenders have to use 7a Wizard 2004.1 in order to ensure that they are meeting the requirements for 7(a) loans that became effective October 1, 2004.

If you have any questions regarding the 7a Wizard 2004.1, please submit your questions to the 7(a) Authorization e-mail box at Auth-7a@sba.gov.

504 Fee Change

Each fiscal year, the on-going guaranty fee paid by 504 borrowers to SBA under 13 CFR 120.971(d)(2) is adjusted as part of the fee structure required to cover the costs of the 504 Program associated with loan defaults, and to keep the 504 Program at a zero subsidy rate. For loans approved in FY 2005, the on-going guaranty fee for 504 loans is 0.288 of one percent. This is a decrease from the FY 2004 fee of 0.393 of one percent.

Instructions to Manually Change the 504 Wizard

The on-going guaranty fee in the 504 Authorization "Wizard" must be changed by the user (whether SBA or the CDC) in order to reflect the correct fee. The wizard that is currently available is an on-going fee that will default to "0.393" in Paragraph B.6 of the 504 Authorization.

To set the on-going fee to the new value, first change the on going guaranty fee to 0.288 in the "On-Going Guaranty Fee" Wizard panel of the Project Information Section. After inputting the above value, click on the "Default" button located in the same section. The value will then be set for all

future 504 loan authorizations. Each user must set this default on their machine.

The next version of the 504 Wizard will reflect the fee in effect at that time.

Questions

CDC's and Lenders should address their questions to the local SBA field office.

2004 A Record Year for the SBA; Loans to Small Businesses Doubled Since 2001

With the end of the 2004 fiscal year on September 30, 2004, the U.S. Small Business Administration closed out a record-shattering year and continued to build upon a steady stream of accomplishments, providing more than twice as many loans to small businesses as in FY 2001. The agency surpassed its previous lending records in both the flagship 7(a) and 504 loan programs, and established volume records in loans to women, minorities and veterans.

In FY 2004, the SBA backed 74,825 7(a) loans totaling \$12.5 billion to small businesses and 8,168 loans worth \$3.9 billion under the 504, or Certified Development Company, program. The number of loans made under each program was a record, as well as the combined total. The combined total also is more than double the 41,552 loans that were made by the agency's lending partners and Certified Development Companies with SBA backing in FY 2001.

"Thanks to the President's small business agenda, we have met and surpassed our goals, helping millions of small businesses on their way toward realizing the American dream," Administrator Hector V. Barreto said. "Capital is the life-blood of small businesses, and every time we approve a loan that means that another small business has a chance to grow and contribute to the economy."

With record demand for capital, it is a sure sign that the economy is strengthening. Small businesses account for seven out of every 10 new jobs and produce countless new technologies and innovations.

"Small business is the economic engine that drives our economy," said Barreto. "Our record year is proof that the economy is expanding and creating new jobs, evident by the low unemployment rate of 5.4 percent. But we will not be satisfied until every American who wants a job has a job, so we will continue to work to strengthen the SBA and reach out to more small businesses."

Women and minorities benefited from record levels in FY 2004 as well, each more than double the levels set in 2001. Overall, nearly a third of SBA-backed loans went to minorities, and the number of loans to African Americans, Hispanics and Asian Americans rose to record level, up 32 percent over last year for African Americans, up 31.7 percent over last year for Hispanics and up 33.7 percent over last year for Asian Americans. The number of loans to women increased 27.3 percent over FY 2003, and the loans to veterans were up by 21 percent.

"We have worked hard to reach out to every community, and we are seeing the fruits of our labor with these numbers," Barreto said.

SBA Commitment to Women Bears Significant Results

As part of the U.S. Small Business Administration's record-breaking performance in FY 2004, the agency and its lending partners provided more loans to women-owned businesses than ever before. In the past year SBA backed almost 18,000 loans to women-owned businesses under its two primary loan programs, amounting to \$2.5 billion, more than double the number of loans to women as recently as FY 2001.

"All of our program areas are committed to assisting women's businesses, a commitment that comes directly from President Bush," Administrator Hector V. Barreto said. "Our Deputy Administrator, Melanie Sabelhaus, is one of the nation's strongest advocates for women entrepreneurs."

Aside from the record-setting loan performance, Administrator Barreto noted that women-owned small businesses also received \$1.5 billion more in federal contracts in FY 2003, the most recent year for which data is available. The total value of federal contracts to women-owned businesses rose from \$6.8 billion to \$8.3 billion, a total of 2.98 percent of all federal prime contract dollars. From FY 2000 to FY 2003, prime contract dollars increased by 81 percent, or more than \$3.7 billion.

In the last two years the SBA has also embarked on the highly successful Business Matchmaking program to create more contracting opportunities for small businesses. Since its inception, the Business Matchmaking program has created approximately 22,000 one-on-one appointments between small business owners and buyers from federal and local governments as well as buyers from the private sector. Of those businesses that received contracts, 50 percent have been women-owned businesses. Women-owned businesses have also received 65 percent of the contracting dollars.

SBA and HP Small Business Foundation to Expand Business Matchmaking Program Online in 2005

The U.S. Small Business Administration (SBA) and the HP Small Business Foundation announced the expansion of the highly successful Business Matchmaking initiative to include an innovative, nationwide, 24-7 "online Business Matchmaking" and counseling component to the venture.

Business Matchmaking is a public-private sector contracting initiative made possible through a cooperative agreement between the SBA and the HP Small Business Foundation. Business Matchmaking has so far created more than 20,000 one-on-one appointments between small business owners throughout the country and purchasing representatives from federal, state and local government

agencies along with dozens of the country's largest corporations.

"Our success in creating important new relationships and facilitating more than \$20 million in contracts for small business this past year warrants both a continuation of these opportunities and creation of an expanded online procurement network," said SBA Administrator Hector V. Barreto.

"HP is pleased with the widespread success of the Business Matchmaking program and is committed to empowering small companies to solve their business problems as they continue to grow and succeed," said Robyn West, vice president, Small and Medium Business, HP. "HP has participated extensively in the buying process itself, which has created procurement opportunities for hundreds of small businesses. With the expansion of this venture's online matchmaking, HP's goal is to expand the reach of this program, benefiting companies in every industry."

Online Business Matchmaking will be rolled out in three phases. The first, or pilot, phase will start in January 2005, and will consist of online training workshops. These will take place in Phoenix, AZ; Tampa, FL; Albuquerque, NM; Kansas City, MO; and Denver, CO.

Phase two will be the start of actual online Matchmaking in March 2005 in the above-mentioned cities. Small business owners will be guided into appointments with buyers from state, local and federal government agencies as well as large

corporations who have agreed to deal directly with pre-qualified smaller firms on procurement opportunities. In September 2005, online Business Matchmaking will be rolled out nationwide and is expected to reach tens of thousands of small businesses who have not previously had access to similar procurement opportunities.

Later this year, the location of four major regional face-to-face Business Matchmaking events will be announced. The events will bring approximately 5,000 small business owners together with hundreds of public and private sector buyers will be held in key Western, Southern, Midwestern and Eastern cities. In addition to the buyer-seller meetings, these events generate substantial numbers of appointments with counselors from SCORE, Small Business Development Centers and the SBA itself.

“With the technology and key personnel support provided by HP working with our local SBA, SCORE and other resource partners, Business Matchmaking has emerged as one of the most successful initiatives every undertaken by the SBA,” said Administrator Barreto.

**Executive Order
Encourages
Increased Federal
Contracting
Opportunities for
Service-Disabled
Veteran-Owned Small
Businesses**

Amplifying his commitment to Service-Disabled Veteran-Owned

Small Businesses (SDVOSBs), President Bush issued an Executive Order, October 20, 2004, designed to strengthen and increase opportunities in federal contracting for small businesses owned by service-disabled vets.

The Executive Order reaffirms the Administration’s commitment to SDVOSBs, noting that American honors the extraordinary service rendered to the United States by veterans disabled in the line of duty during active military service. The order requires heads of agencies to provide significantly more contracting.

The order further notes: To achieve that objective, agencies shall more effectively implement section 15(g) of the Small Business Act (15 U.S.C. 644(g), which provides that the President must establish a goal of not less than 3 percent for participation by service-disabled veteran businesses in federal contracting, and section 36 of that Act (15 U.S.C. 657f), which gives agency contracting officers the authority to reserve certain procurements for service-disabled veteran-owned small businesses.”

“I am pleased that President Bush has issued this Executive Order strengthening opportunities for service-disabled veteran-owned small businesses,” said SBA Administrator Hector V. Barreto. “The efforts of SDVOSBs in their local communities are extremely important to job growth and continuing the economic recovery. The SBA will do all it can to assist these small businesses to become more competitive and efficient, and to grow and prosper.”

Section Three of the Executive Order states that the Administrator of the SBA shall:

- a) In coordination with the Veteran’s Affairs’ Center for Veterans Enterprise, provide service-disabled veteran-owned small businesses information and assistance concerning participation in federal contracting;
- b) Advise and assist heads of agencies in their implementation of this order; and
- c) Make available to service-disabled veteran businesses training in federal contracting law, procedures and practices that would assist such businesses in participating in federal contracting.

For more information about SBA’s Service-Disabled Veterans Business program, visit www.sba.gov/VETS/index.html.

**Tips for Business
Success**

***SBA Small Business Winner,
Omni Tech Offers Tips for
Success***

RIGHT OPPORTUNITIES

Capitalizing on the right opportunities is a huge element of success. To be an opportunity that you capitalize on and run with, ask yourself the following questions:

- Does it fit your mission, and values and belief statements?
- Is the timing right to execute on it?
- Can you afford it?
- Does it fit your vision?
- Does it suit your core competencies?

- Is it the right opportunity for you right now?

After reviewing most seemingly good opportunities, you take a pass on them because they do not fit all the necessary criteria. Too often, those hungry for a breath of new life fall prey to “the grass is greener on the other side of the fence” syndrome. Many companies go under because they capitalized on the wrong opportunity or the right opportunity at the wrong time.

Any good opportunity takes money and time of the management team. Taking time and money that could be used on other more worthy projects are truly opportunity lost. Some opportunities can be quickly dismissed, as it is obvious that they do not fit with the organization right now, but others take a lot of scrutiny to determine their validity to the organization. Even if the opportunity fits well with the organization and would be good for it, can your team pull it off? Many people fail to assimilate really good opportunities into their organizations because they do not have the available house power to run the daily business and capitalize on the opportunity at the same time. In a number of cases, the planning for how to implement the opportunity has not been properly worked out.

Knowing that the opportunity in front of you could harm your company if handled improperly, pass on this opportunity. Another good opportunity will present itself shortly if you are looking. When that new opportunity comes, meets all your criteria, and looks doable, seize it.

Editor's Note

LENDER YEAR-END TOTALS

Once again this year, we will be adding the Lender Year-End totals **ONLY** to the Newsletters going to the Lenders. If you wish to have a copy of the Lenders Year-End Totals, please contact Cindy Merrigan at (608) 441-5560 or email her at cindy.merrigan@sba.gov.

SBA Lenders for September 2004

Acuity Bank – Tomah
1 Loan for \$1,213,239

Amcore Bank NA Rockford
Rockford, IL 1 Loan for \$155,000
Clinton– 1 Loan for \$36,000
Total: 2 Loans for \$191,000

American National Bank
Fox Cities – Appleton
2 Loans for \$296,000

Anchor Bank
Madison – 1 Loan for \$715,000
Fitchburg – 1 Loan for \$150,000
Total: 2 Loans for \$865,000

Associated Bank NA Green Bay
22 Loans for \$4,652,200

Bank of Kenosha
1 Loan for \$47,500

Bank of Luxemburg
1 Loan for \$33,200

Bank One NA Columbus, OH
4 Loans for \$374,500

BLC Community Bank Little Chute - 2 Loans for \$730,000

Capital One Federal Savings Bank - Falls Church, VA
9 Loans for \$405,000

Citizens Bank of Mukwonago
1 Loan for \$130,000

Community Bank & Trust
Sheboygan –
9 Loans for \$1,114,000

Community State Bank
Union Grove - 1 Loan for \$85,000

Cornerstone Community Bank
Grafton – 2 Loans for \$314,800

Farmers & Merchants State Bank – Waterloo
1 Loan for \$143,825

First Bank Financial Centre
Oconomowoc
2 Loans for \$738,000

First National Bank of Barron
Rice Lake - 1 Loan for \$150,000

First State Bank
New London - 1 Loan for \$1,128,400
Clintonville – 1 Loan for \$150,000
Total: 2 Loans for \$1,278,400

Fox Communities CU - Appleton
1 Loan for \$27,500

Green Lake State Bank – Green Lake – 2 Loans for \$841,000

Hometown Bank - Saint Cloud
3 Loans for \$2,048,000

Independence State Bank - Elk Mound – 1 Loan for \$2,000,000

Investors Bank – Pewaukee
2 Loans for \$154,672

Investors Community Bank
Manitowoc – 2 Loans for \$300,000

October 2004

Landmark Credit Union

New Berlin – 1 Loan for \$40,000

M&I Marshall & Ilsley Bank

Milwaukee – 25 Loans for

\$3,375,800

Brookfield – 1 Loan for \$152,700

Total: 26 Loans for \$3,528,500

Milwaukee Western Bank

Milwaukee – 1 Loan for \$530,769

Monona State Bank – Monona

2 Loans for \$206,800

North American Banking Company - Roseville, MN

1 Loan for \$150,000

Park Bank

La Crosse – 3 Loans for \$420,000

Milwaukee – 1 Loan for \$700,000

Total: 4 Loans for \$1,120,000

River Cities Bank – WI Rapids

1 Loan for \$130,000

River Valley State Bank - Merrill

1 Loan for \$110,000

Royal Bank - Spring Green

1 Loan for \$188,000

State Bank of Chilton – Chilton

1 Loan for \$60,510

State Bank of Cross Plains

Middleton – 1 Loan for \$150,000

Waunakee – 1 Loan for \$65,000

Total: 2 Loans for \$215,000

State Financial Bank – Glendale

2 Loans for \$240,962

Stearns Bank NA - St. Cloud, MN

2 Loans for \$235,000

The First National Bank of Hudson - Woodbury, MN

1 Loan for \$437,400

The First National Bank Fox Valley – Menasha

3 Loans for \$865,000

The Park Bank – Madison

1 Loan for \$250,000

The Stephenson National Bank & Trust – Oconto

1 Loan for \$150,000

Union Bank of Blair - Blair

1 Loan for \$55,555

Union State Bank - Green Bay

1 Loan for \$58,000

US Bank NA

Cincinnati, OH

11 Loans for \$905,500

San Diego, CA

1 Loan for \$603,000

Total: 12 Loans for \$1,508,500

Valley Bank Dundas – Dundas, MN - 2 Loans for \$630,000

Waterford Bank – Waterford

1 Loan for \$408,000

Waukesha State Bank Waukesha

5 Loans for \$1,535,000

Wells Fargo Bank NA San Jose, CA - 4 Loans for \$920,000

Wells Fargo Bank Minnesota NA - Minneapolis, MN

1 Loan for \$46,500

West Bend Savings Bank. –

Beaver Dam – 1 Loan for

\$377,000

Western Wisconsin Development Corp.

Almena – 1 Loan for \$665,000

News and Views

Wisconsin Business Development Finance Corp.

Monona – 9 Loans for \$3,845,000

Wisconsin Community Bank

Cottage Grove – 1 Loan for

\$384,000

Microlenders for September 2004

Advocap

3 Loans for \$11,000

Impact Seven

1 Loan for \$30,000

Lincoln Neighborhood Redevelopment Corp.

3 Loans for \$60,000

Northeast Entrepreneur Fund

1 Loan for \$20,017

Wisconsin Women's Business Initiative Corp.

1 Loan for \$5,000

Editor's Note

There was a mix-up on loan numbers in our system for Advocap Micro Lender thru FY 2004. To correct this, the total Microloans for Advocap from 10/1/2003 – 9/30/2004 was 9 Loans for \$31,600.

Calendar of Events

Click on Calendar of Events for training seminars and upcoming events for Small Businesses in Wisconsin